

FIDELIDADE

SEGUROS DESDE 1808

2021 – 3Q Results

Lisbon, January 7, 2022

Non-Audited figures

Fidelidade reported 2021 – 3Q results. For the first 9 months of the year premiums reached 3.392,3M€, representing a YoY growth of 42.2%, and Net Income improved to 203,9M€, a YoY increase of 37,2%. From a capital perspective, Fidelidade achieved a more robust capital structure with its Solvency II ratio improving 36p.p. compared to December 2020, to a ratio of 180%.

Rogério Henriques, Chief Executive Officer of Fidelidade, explained that “In addition to its attention to growth and profitability, Fidelidade is also focused on its overall financial strength. The company has continued its repositioning of the Life Financial business towards Unit-Linked products that significantly reduce the balance sheet exposure. We believe robustness of our Solvency II ratio is fundamental to support profitable future growth and manage risks effectively.”

“Fidelidade continues its transformation with the deployment of innovative solutions, improvement of customer journeys and operation automation. On the organizational front, we remain determined to attract and retain the best talent and adopt Agile practices to accelerate delivery of solutions to better respond to our customer needs.”

“I would like thank our employees, agents and partners for their continuous efforts, as well as our clients for their trust on Fidelidade.”

| Key Figures (€ Mn, otherwise noted) | dec-20/ sep-20 ¹ | sep-21 | Change YoY |
|--|-----------------------------|---------|------------|
| Gross Written Premiums | 2.385,4 | 3.392,3 | 42,2% |
| Net Income | 148,7 | 203,9 | 37,2% |
| Shareholder's Equity | 3.111,0 | 3.140,3 | 0,9% |
| Fidelidade Group's SCR Coverage Ratio ² | 144% | 180% | 36 p.p. |

¹ For comparison purposes, Sep'20 was considered for Gross Written Premiums and Net Income and Dec'20 for Shareholder's Equity and SCR Coverage Ratio.

² Sep'21 ratio corresponds to a preliminary estimation.

Fidelidade Group's 2021-3Q Key Highlights

Written Premiums

Total premiums increased by 42,2% YoY, with growth in both Non-Life and Life activity. Non-Life premiums grew 5,2%, reflecting good performances across all business lines. Life Risk & Annuities premiums rose 8,7%, with strong contribution from international operations and Life Financial premiums. The latter's 164,9% growth was mainly driven by the significant increase of the Unit-Linked offer in Portugal.

| Total Gross Written Premiums (€ Mn) | sep-20 | sep-21 | Change YoY |
|---|----------------|----------------|--------------|
| Non-Life | 1.572,8 | 1.654,0 | 5,2% |
| Life – Risk & Annuities | 265,0 | 287,9 | 8,7% |
| Life Financial - Insurance Contracts | 53,2 | 60,6 | 13,7% |
| Total Premiums P&L | 1.891,0 | 2.002,5 | 5,9% |
| Life Financial - Investment Contracts | 494,3 | 1.389,8 | 181,1% |
| Total Premiums Management Accounts | 2.385,4 | 3.392,3 | 42,2% |

| Non-Life Gross Written Premiums per LoB (€ Mn) | sep-20 | sep-21 | Change YoY |
|--|----------------|----------------|-------------|
| Motor | 470,5 | 483,4 | 2,7% |
| Health | 338,8 | 351,6 | 3,8% |
| Fire and Other Damage | 305,2 | 331,9 | 8,8% |
| Workers' Compensation | 217,9 | 232,9 | 6,9% |
| Others | 240,4 | 254,1 | 5,7% |
| Total Premiums P&L | 1.572,8 | 1.654,0 | 5,2% |

| Life Gross Written Premiums per LoB (€ Mn) | sep-20 | sep-21 | Change YoY |
|--|--------------|----------------|---------------|
| Guaranteed Life Financial | 431,5 | 607,2 | 40,7% |
| Unit-Linked | 116,1 | 843,2 | 626,3% |
| Life Financial | 547,6 | 1.450,4 | 164,9% |
| Life - Risk & Annuities | 265,0 | 287,9 | 8,7% |
| Total Life Premiums | 812,6 | 1.738,3 | 113,9% |

Profitability

Fidelidade's Net Income reached 203,9M€, increasing 37,2% YoY, a result supported by its strong Investment Result.

In Sep'21, Non-Life Combined Ratio was 91,2%, a slight improvement of 0,1p.p. YoY. A Loss Ratio decrease of 0,7p.p. YoY (mainly explained by Workers Compensation) was partially offset by an Expense Ratio increase of 0,6p.p.

The Underwriting Result of 52M€ represented a 45,1% decrease YoY. This evolution is mostly explained by the deterioration of the Life Risk business in the Peruvian operation. Peru has suffered an abnormal mortality increase due to the pandemic.

| Non-Life Technical Ratios (%) | sep-20 | sep-21 | Change YoY |
|--------------------------------|--------|--------|------------|
| Consolidated Combined Ratio | 91,4% | 91,2% | -0,1 p.p. |
| <i>Net Loss Ratio</i> | 64,6% | 63,8% | -0,7 p.p. |
| <i>Net Expense Ratio</i> | 26,8% | 27,4% | 0,6 p.p. |
| Combined Ratio - Portugal | 91,7% | 90,8% | -0,9 p.p. |
| Combined Ratio - International | 90,4% | 94,4% | 4,1 p.p. |

The Investment Result of 233M€, an increase of 84,3% YoY, mainly reflects the positive evolution of Financial Markets in 2021.

| Profitability | sep-20 | sep-21 | Change YoY |
|----------------------------|--------|--------|------------|
| Investment Income (€ Mn) * | 276,5 | 385,1 | 39,3% |
| Investment yield (%) * | 2,2% | 3,2% | 1,0 p.p. |
| Investment result (€ Mn) | 126,3 | 232,8 | 84,3% |
| Net income (€ Mn) | 148,7 | 203,9 | 37,2% |

* Excludes Unit Linked portfolios

Balance Sheet

Assets under management reached 17,5B€ and Shareholders' Equity totaled 3.1B€. The annualized Return on Equity was 8,7% and Return on Tangible Equity 10,7%.

Fidelidade Group's Solvency II ratio was 180%, an increase of 36p.p. compared to year-end 2020, reflecting mainly the issuance of 500M€ in subordinated debt (Tier II capital) and the de-risking of its balance sheet, namely the Life Financial business' transition towards a Unit-Link offer.

| Balance sheet | Dec-20 | sep-21 | Change |
|---------------------------------|--------|--------|----------|
| Assets Under Management (€ Mn)* | 17.432 | 17.525 | 0,5% |
| Shareholders' Equity (€ Mn) | 3.111 | 3.140 | 0,9% |
| RoAE (%) | 7,3% | 8,7% | 1,4 p.p. |
| RoTE (%) | 9,1% | 10,7% | 1,7 p.p. |

* Includes Own Use properties

| Solvency Capital Ratio - including TMTP (%) | Dec-20 | sep-21 | Change |
|---|--------|--------|-----------|
| Fidelidade Group's SCR Coverage Ratio ** | 144,0% | 180,0% | 36,0 p.p. |

¹ Sep'21 ratio is a preliminary estimation

Recent Developments

The main developments since January 1, 2021, were:

- Successful placement by Fidelidade of 500M€ of subordinated bonds (Tier II capital) due 2031, with an initial fixed coupon of 4.25% per annum (June 2021).
- Signed agreement to acquire 70% of the shares of Insurtech Prosperity Group AG. Its main activity is the development of long-term savings products, based on innovative technological solutions. It operates mainly in Switzerland and Germany.
- Revised Risk Appetite Framework, including Group's Solvency SCR Coverage Ratio in the range 150% to 180% (September 2021).
- Long-Term Issuer Default Rate rating of 'A-' and Insurer Financial Strength rating of 'A' with 'Stable' outlooks, assigned to Fidelidade by Fitch (December 2021). 'BBB' rating assigned to Fidelidade's 500M€ Tier 2 subordinated notes by Fitch (December 2021).

Definitions

Total Premiums Management Accounts: total of the insurance premiums as defined by IFRS 4 (“Total Premiums P&L”) plus the investment contracts, as defined by IFRS 4 which refers the related discipline to IAS 39.

Underwriting Result: measures the pure underwriting performance of the insurance business (without considering the investment performance and non-technical income/ costs). It results from the sum of i) earned premiums net of reinsurance, plus ii) the fees from insurance contracts and operations considered for accounting purposes as investment contracts or service contracts, minus iii) claims costs net of reinsurance (excluding claims costs related to workers compensation technical interest), plus/ minus iv) other technical provisions, net of reinsurance, plus/ minus v) mathematical provision for life insurance, net of reinsurance (adjusted by excluding extraordinary costs related to the change in workers compensation pensions discount rate, profit sharing provisioning and provision for rate commitment), plus/ minus vi) profit sharing, net of reinsurance, minus vii) operating costs and expenses, net, plus/minus viii) other technical income/expenses, net of reinsurance (including Luz Saúde positive impact).

RoAE: measure of a company’s overall profitability. It is calculated by dividing the fiscal year’s net income by an average of the fiscal year’s beginning and end shareholders’ equity figures.

RoTE: measure of a company’s overall profitability. It is calculated by dividing the fiscal year’s net income by an average of the fiscal year’s beginning and end tangible shareholders’ equity figures. Tangible shareholder’s equity is calculated by subtracting intangible assets (including goodwill) and preferred equity to total shareholder’s equity.

Investment Income: Income that comes from interest payments, dividends, capital gains collected upon the sale of Financial assets, and any other profit made through an investment vehicle of any kind, excluding unrealized gains that are recognized through other comprehensive income.

Investment Yield: Return earned on the company’s Assets under Management. It is obtained by dividing investment income before income taxes by the average Assets Under Management (i.e., average Assets Under Management at the beginning and at the end of the fiscal year).

Assets Under Management: (i) in 2020 (IFRS 9) corresponds to the sum of the following balance sheet items: cash and cash equivalents, investments in associates and joint ventures, financial assets and liabilities at fair value through profit or loss, hedge derivatives, financial assets designated at fair value through other comprehensive income, financial assets at amortized cost, investment properties and non-current assets held for sale and (ii) in 2019 (IAS 39) corresponds to the sum of the following balance sheet items: cash and cash equivalents, investments in associates and joint ventures, financial assets and liabilities held for trading, financial assets initially recognized at fair value through profit or loss, hedge derivatives,

available-for-sale investments, loans and accounts receivable, held-to-maturity investments, investment properties and non-current assets held for sale.

SCR Coverage Ratio: computed as defined in the Solvency II Directive.